



Senate

General Assembly

File No. 152

January Session, 2017

Substitute Senate Bill No. 780

Senate, March 22, 2017

The Committee on Banking reported through SEN. WINFIELD of the 10th Dist. and SEN. MARTIN of the 31st Dist., Chairpersons of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING BROKER PRICE OPINIONS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 20-526 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective October 1, 2017*):

3 The provisions of sections 20-500 to 20-528, inclusive, concerning the
4 certification or provisional licensing of real estate appraisers shall not
5 apply to (1) any person under contract with a municipality who
6 performs a revaluation of real estate for assessment purposes pursuant
7 to section 12-62, [and] or (2) any licensed real estate broker or real
8 estate salesperson who estimates the [value] probable selling price or
9 leasing price of real estate, [as part of a market analysis performed for
10 the owner of the real estate or a designee of the owner, on such terms
11 as may be agreed upon between such owner or the owner's designee
12 and the real estate broker or real estate salesperson, for the purpose of
13 (A) a prospective listing or sale of such real estate, (B) providing
14 information to the seller or landlord under a listing agreement, or (C)
15 providing information to a prospective buyer or tenant under a buyer

16 or tenant agency agreement, provided such estimate of value shall not
 17 be referred to or be construed as an appraisal. If such owner executes a
 18 listing contract with the real estate broker or real estate salesperson
 19 who so estimated the value of the real estate for the sale of the real
 20 estate and such real estate contains any building or other structure,
 21 occupied or intended to be occupied by no more than four families,
 22 then such owner shall be credited against any compensation the owner
 23 pays on account of such listing contract for any fee paid by the owner
 24 for such estimate of value.]

25 Sec. 2. (NEW) (*Effective October 1, 2017*) (a) Any real estate broker or
 26 real estate salesperson, who is not a certified appraiser or licensed
 27 provisional appraiser pursuant to sections 20-500 to 20-528, inclusive,
 28 of the general statutes, may (1) estimate the probable selling price or
 29 leasing price of real estate for a fee or other valuable consideration,
 30 provided such broker or salesperson does not hold himself or herself
 31 out as a certified appraiser or licensed provisional appraiser, and (2) in
 32 the ordinary course of business, perform a comparative market
 33 analysis or provide an opinion or estimate of the probable selling price
 34 or leasing price of real estate, provided such analysis, opinion or
 35 estimate shall not be referred to or be construed as an appraisal.

36 (b) The Commissioner of Consumer Protection shall adopt
 37 regulations, in accordance with chapter 54 of the general statutes, to
 38 carry out the provisions of this section. Such regulations shall include,
 39 but need not be limited to, the required contents of the analysis,
 40 opinion or estimate described in subsection (a) of this section.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2017</i>	20-526
Sec. 2	<i>October 1, 2017</i>	New section

BA *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact: None

Municipal Impact:

Municipalities	Effect	FY 18 \$	FY 19 \$
All Municipalities	Grand List Reduction/Increase	None	Potential

Explanation

The bill, which would allow real estate brokers and salespersons to give pricing opinions and other analysis for a fee outside of a real estate transaction process, may result in municipal grand list reductions or increases. These grand list changes would occur to the extent that home price estimates used by real estate brokers are also used in the municipal assessment appeals process. It is anticipated that any changes in municipal grand lists would be offset by changes to municipal mill rates. Changes in municipal grand lists and mill rates shift the tax burden away from property owners with reduced assessments.

There is no fiscal impact to the Department of Consumer Protection as it has sufficient expertise to draft regulations to implement the bill.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to changes in municipal grand lists and mill rates.

OLR Bill Analysis**sSB 780*****AN ACT CONCERNING BROKER PRICE OPINIONS.*****SUMMARY**

This bill allows a licensed real estate broker or salesperson who is not a certified appraiser or a licensed provisional appraiser to estimate the probable selling or leasing price of real estate for a fee or other valuable consideration under specified circumstances. Under the bill, the broker or salesperson may do so if:

1. he or she does not hold himself or herself out as an appraiser;
2. in the ordinary course of business, he or she (a) performs comparative market analysis or (b) provides price opinions or estimates of the probable selling or leasing price of real estate; and
3. the analysis, opinion, or estimate is not referred to or construed as an appraisal.

The bill exempts, from the real estate appraiser certification and licensure requirements, licensed real estate brokers and salespersons who estimate the probable selling price or leasing price of real estate, not its value. Current law exempts those who estimate real estate value as part of certain market analysis (see below).

The bill no longer allows an owner who occupies or intends to occupy a one-to-four family residential building that is the subject of a broker's or salesperson's valuation, to credit any fee paid for the estimate toward any amount owed under the listing contract.

Lastly, the bill requires the consumer protection commissioner to adopt implementing regulations that include the required content of a

broker's or salesperson's analysis, opinion, or estimate.

EFFECTIVE DATE: October 1, 2017

MARKET ANALYSIS EXEMPT UNDER CURRENT LAW

Under current law, brokers or salespersons may, without an appraiser's license or certification, estimate the value of real estate only in connection with (1) a prospective listing or sale or (2) providing information to a (a) seller or landlord under a listing agreement or (b) prospective buyer or tenant under a buyer or tenant agency agreement.

The bill instead exempts licensed real estate brokers and licensed real estate salespersons who estimate the probable selling price or leasing price of real estate, not its value.

COMMITTEE ACTION

Banking Committee

Joint Favorable Substitute

Yea 15 Nay 3 (03/07/2017)